DOCUMENT RESUME

ED 059 673 HE 002 838

TITLE	1970 Corporation Support of Higher Education.
INSTITUTION	Council for Financial Aid to Education, New York, N.Y.
PUB DATE	Oct 71
NOTE	26p.
EDRS PRICE	MF-$0.65 HC-$3.29
DESCRIPTORS	*Educational Economics; *Educational Finance; Financial Needs; *Financial Support; *Higher Education; *Private Financial Support

ABSTRACT

This report of the survey of corporation support of higher education comes at a time when the corporation and the campus are still suffering from the effects of one of the sharpest economic declines in recent history. As a result, for the first time since the survey was begun in 1956, corporate giving to education declined. Virtually all of the decrease in educational support in 1970 is accounted for by the industries which sustained the greatest slump in pre-tax net income. The overall decrease in educational contributions, however, was small compared to the drop in corporate profits, and there was increased giving by many companies whose earnings experience went counter to the national trend. This is taken to be positive evidence of a continuing commitment on the part of the corporate community and a recognition of the many benefits that it derives from educational institutions. (Author/HS)

ED 059673

U.S. DEPARTMENT OF HEALTH,
EDUCATION & WELFARE
OFFICE OF EDUCATION
THIS DOCUMENT HAS BEEN REPRODUCED EXACTLY AS RECEIVED FROM THE PERSON OR ORGANIZATION ORIGINATING IT. POINTS OF VIEW OR OPINIONS STATED DO NOT NECESSARILY REPRESENT OFFICIAL OFFICE OF EDUCATION POSITION OR POLICY

1970 CORPORATION SUPPORT OF HIGHER EDUCATION

Another Council Service

This survey is one of a continuing series of research activities conducted by the Council for Financial Aid to Education for the benefit of the business and educational communities.

Other Council services include informal publications designed to help broaden the base of educational support; counseling services to corporate and educational officials on problems relating to voluntary support of higher education; symposiums for corporate and college administrators; a nation-wide public service advertising campaign featuring the now familiar theme, "Give to the college of your choice"; and a series of luncheon meetings for top echelon business executives at which the financial needs of education are made known and the ways to help meet them discussed.

The Council itself neither solicits nor disburses funds for higher education. It is a non-profit service organization, founded in 1952 by five nationally prominent businessmen: Frank W. Abrams, Irving S. Olds, Alfred P. Sloan Jr., Henning W. Prentis, and Walter P. Paepcke, to stimulate the widest possible support of higher education, especially by business. Originally funded by four major foundations, the Carnegie Corporation of New York, The Ford Foundation, the Rockefeller Foundation, and the Alfred P. Sloan Foundation, it now draws its support from more than 200 leading American corporations.

1970: The Trend Is Interrupted

This report on the Ninth Biennial Survey of Corporation Support of Education reaches you at a time when the corporation and the campus are still suffering the effects of one of the sharpest economic declines in recent history.

One would expect to find this recession reflected in the degree of corporate generosity, and it is. For the first time in the history of these Surveys we must report an interruption in the trend and a small drop in corporate giving to education.

It is clear that this is a result of the poor profits picture in 1969-70. Virtually all of the decrease in educational support in 1970 is accounted for by the industries which sustained the greatest slump in pre-tax net income.

The overall decrease in educational contributions, however, was small in comparison with the drop in corporate profits, and there was increased giving on the part of many companies whose earnings experience went counter to the national trend. We take this to be positive evidence of a continuing commitment on the part of the corporate community. We believe that it still recognizes the many benefits it derives from educational institutions and that it has not wavered in its determination to underwrite an important share of their costs.

This report has been designed to help those in business and industry to relate their own performance to that of other companies of similar size and interests. We hope that it will be useful to others concerned with the financial health of higher education. Your questions, comments and suggestions will be sincerely welcomed.

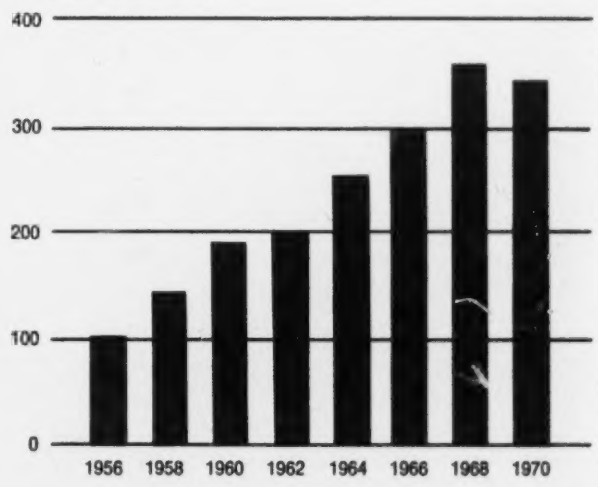
To those harried company officials who squeezed time out of busy days to provide the information upon which this report is based, we express our deepest gratitude.

COUNCIL FOR FINANCIAL AID TO EDUCATION

October 1971

ESTIMATED TOTAL CORPORATE SUPPORT OF EDUCATION

(millions of dollars)



In A Nutshell

Contents

This report is presented in five parts:	Page
I. The 1970 Survey Findings Compared With Those of 1968	4
II. The National Picture When Other Data Are Taken Into Account	14
III. Reflections on the Reasons for the Observed Changes in Educational Support	19
IV. The Challenge to Business	21
V. An Appendix, With More About Educational Expenditures and a Note on Survey Technique	22

Highlights

I. The 1970 Survey Versus 1968

For companies in both Surveys, dollar support of education decreased 3.6%. 4

Educational support as a percentage of pre-tax net income up from 0.31 to 0.33. 4

Among industries, textile companies were top supporters of education as a percentage of pre-tax net income: 0.84. 8

Among marketing areas, companies in Pittsburgh were top supporters of education as a percentage of pre-tax net income: 0.75. 10

Unrestricted giving to colleges and universities rose from 21.5% to 25.9% of all corporate support. 12

II. The National Picture

Total corporate contributions for all purposes hits $1 billion level. 14

Corporate contributions as a percentage of pre-tax net income at new high: 1.31. 14

At $340 million, estimated total corporate aid to education down 4.2% from 1968. 14

Corporate support of education, as a percent of pre-tax net income, at record high, 0.45. 14

Aid to education as a share of total corporate contributions at 34.3%, down from record high of 38.0% in 1967. 14

III. Reasons for the Observed Changes

Total corporate pre-tax net income down 13.9% from 1968. 19

The 10% tax surcharge and the Tax Reform Act of 1969. 20

Changing concepts of the social responsibility of business. 20

Campus unrest and its aftermath. 20

IV. Challenge to Business

To keep pace with the expanding needs of education. 21

V. Appendix

Total expenditures of institutions of higher education quadrupled since 1958-59. 22

Corporate support of institutions of higher education up 125% since 1958-59. 22

Survey technique simplified. 23

Some terms defined. 23

Educational Support Declined Slightly

The 1970 Survey data indicate clearly that there was a small decline in corporation support of education between 1968 and 1970.

For the 294 companies that participated in both the 1968 and 1970 Surveys:

1. Contributions to education —
   - Increased from 0.31 to 0.33 as a percentage of pre-tax net income (PTNI).
   - Decreased from $98.9 million to $95.4 million — a decline of 3.6%.
   - Dropped as a share of the total contributions dollar from 40.2% in 1968 to 38.8% in 1970.
2. Total contributions for all purposes —
   - Remained unchanged at $246 million.
   - Rose from 0.77 to 0.84 as a percentage of PTNI.
3. Pre-tax net income —
   - Dipped from $32.0 billion to $29.3 billion — a drop of 8.3%.

Part I
The Survey Findings

Ten Industries Increased Support

As indicated on Table I, ten of the 19 industries shown reported an increase in educational support as a percentage of PTNI.

Of these ten industries, three (merchandising; petroleum; telecommunications) reported higher PTNI and a very sharp increase in their contributions to education.

Four of these industries (insurance; machinery; stone, clay & glass products; textiles) reported sizable increases in support of education, despite a significant decline in PTNI.

Three industries (fabricated metal products; primary metals; transportation equipment) reported less dollar support of education. However, the decreases were very much smaller, percentagewise, than the reduction of their PTNI.

The 1970 Totals Are Down Slightly

In all, 679 companies supplied some information in the 1970 Survey. They reported contributions to education amounting to $124.8 million.

In comparison to the 1968 Survey, this represents a drop of 14% in the number of companies and 8% in the dollar amount of aid to education.

There were 505 companies which supplied complete information on contributions in 1970 and for which the CFAE could obtain corporate financial data for 1970. (See Table II). The comparable group of companies numbered 538 in the 1968 Survey.

The comparative results were:

	1970	1968
Pre-tax net income	$ 36.9 billion	$ 38.9 billion
Educational contributions	$115.7 million	$123.0 million
Total contributions	$304.9 million	$308.8 million
Educational contributions as a % of PTNI	0.314	0.316
Total contributions as a % of PTNI	0.827	0.794
Educational contributions as a % of total contributions	38.0	39.9

Table I. SUPPORT OF EDUCATION, TWO SURVEY YEARS

(294 Companies Participating in Both Surveys)

Industry:	1970 Pre-Tax Net Income (000)	1970 Support of Education: Amount	1970 Support of Education: As % of PTNI	1970 Support of Education: As % of Total Contributions	1968 Pre-Tax Net Income (000)	1968 Support of Education: Amount	1968 Support of Education: As % of PTNI
BANKS (42)	$ 1,936,824	$ 4,635,018	.23	24.1	$ 1,720,220	$ 5,098,885	.29
FINANCE (3)	208,510	412,133	.20	42.3	161,429	418,685	.25
INSURANCE (37)	997,529*	3,133,032	.31	35.1	1,023,447*	2,758,469	.26
MANUFACTURING (150)	20,452,890	78,058,204	.38	44.1	23,599,228	82,021,812	.34
Chemicals (29)	4,026,807	15,980,097	.39	45.6	3,867,713	17,263,790	.44
Electrical Machinery (14)	4,112,829	15,985,867	.30	52.1	3,903,617	17,782,024	.45
Fabricated Metal (8)	233,730	742,212	.31	35.8	303,910	768,694	.25
Food, Beverage & Tobacco (14)	1,388,992	3,535,998	.25	35.3	1,070,821	3,949,642	.36
Machinery (13)	441,402	2,314,749	.52	40.2	459,807	1,920,529	.41
Paper (9)	250,002	734,430	.29	26.3	325,101	1,007,734	.30
Petroleum & Gas (21)	6,706,207	16,074,957	.23	49.7	6,019,268	13,793,599	.22
Primary Metal (16)	932,777	6,294,579	.67	40.8	1,143,760	7,050,668	.61
Printing & Publishing (4)	103,267	420,296	.40	40.2	107,344	2,042,624	1.90
Stone, Clay & Glass (3)	74,512	741,875	.99	40.2	111,076	626,693	.56
Textiles (5)	214,928	1,995,899	.92	47.8	296,274	1,673,647	.56
Transportation Equipment (14)	1,967,437	13,237,245	.67	37.1	5,990,537	14,142,168	.23
MERCHANDISING (6)	1,076,058	2,804,871	.26	17.6	1,066,552	2,327,771	.21
TELECOMMUNICATIONS (13)	2,432,146	1,872,152	.07	20.0	2,402,682	1,654,373	.06
TRANSPORTATION (4)	170,121	805,229	.47	34.8	94,341	1,023,321	1.08
UTILITIES (39)	2,061,755	3,698,412	.17	29.6	1,938,645	3,644,313	.18
TOTAL (294 companies)	$29,335,833	$95,419,051	.33	38.8	$32,006,544	$98,947,629	.31

* Net gain from operations after dividends to policyholders, excluding capital gains and losses.

WO SURVEY YEARS

Both Surveys)

ax Net ome 00)	1970 Support of Education Amount	As % of PTNI	As % of Total Contri-butions	Pre-Tax Net Income (000)	1968 Support of Education Amount	As % of PTNI	As % of Total Contri-butions	Support of Education, % Change 1968-1970
36,824	$ 4,635,018	.23	24.1	$ 1,720,220	$ 5,098,885	.29	31.5	— 9.1
08,510	412,133	.20	42.3	161,429	418,685	.25	42.9	— 1.6
97,529*	3,133,032	.31	35.1	1,023,447*	2,758,469	.26	34.2	+13.6
52,890	78,058,204	.38	44.1	23,599,228	82,021,812	.34	45.5	— 4.8
26,807	15,980,097	.39	45.6	3,867,713	17,263,790	.44	44.5	— 7.4
12,829	15,985,867	.30	52.1	3,903,617	17,782,024	.45	56.5	—10.1
33,730	742,212	.31	35.8	303,910	768,694	.25	33.9	— 3.4
88,992	3,535,998	.25	35.3	1,070,821	3,949,642	.36	35.6	—10.5
41,402	2,314,749	.52	40.2	459,807	1,920,529	.41	33.8	+17.3
50,002	734,430	.29	26.3	325,101	1,007,734	.30	26.5	—27.1
06,207	16,074,957	.23	49.7	6,019,268	13,793,599	.22	53.3	+14.2
32,777	6,294,579	.67	40.8	1,143,760	7,050,668	.61	50.5	—10.7
03,267	420,296	.40	40.2	107,344	2,042,624	1.90	80.7	—79.4
74,512	741,875	.99	40.2	111,076	626,693	.56	42.4	+18.4
14,928	1,995,899	.92	47.8	296,274	1,673,647	.56	40.9	+19.1
67,437	13,237,245	.67	37.1	5,990,537	14,142,168	.23	36.1	— 6.4
76,058	2,804,871	.26	17.6	1,066,552	2,327,771	.21	15.1	+ 5.6
32,146	1,872,152	.07	20.0	2,402,682	1,654,373	.06	19.6	+13.2
70,121	805,229	.47	34.8	94,341	1,023,321	1.08	32.7	—21.3
61,755	3,698,412	.17	29.6	1,938,645	3,644,313	.18	26.9	+ 1.5
35,833	$95,419,051	.33	38.8	$32,006,544	$98,947,629	.31	40.2	— 3.6

olders, excluding capital gains and losses.

7

Table II. TOTAL CONTRIBUTIONS AND EDUCATIONAL SUPPORT IN RELATION TO PRE-TAX ASSETS, AND SALES, BY INDUSTRY, 1970

Industry	Pre-Tax Net Income (000)	Assets (000)	Net Sales (000)	Co
BANKS (75)	$ 2,323,054	$232,930,915	$ 13,280,188*	$ 2
ENGINEERING & CONSTRUCTION (4)	109,902	1,444,057	2,323,415	
FINANCE (5)	341,129	11,801,893	1,620,695*	
INSURANCE (53)	1,099,678†	106,335,026	15,789,646‡	
MANUFACTURING (263)	25,250,036	271,215,457	283,687,036	2
Chemicals (49)	5,460,041	37,574,802	39,418,171	
Electrical Machinery (29)	5,043,016	41,330,705	43,064,508	
Fabricated Metal (19)	406,410	6,290,265	7,836,496	
Food, Beverage & Tobacco (26)	1,628,530	11,816,716	21,210,990	
Machinery (30)	812,900	12,463,294	12,965,232	
Mining (9)	684,151	5,068,840	3,286,704	
Paper (11)	296,435	5,420,692	5,456,785	
Petroleum & Gas (23)	6,772,577	74,162,784	61,211,233	
Primary Metal (18)	1,072,543	22,244,391	16,961,647	
Printing & Publishing (7)	241,502	1,950,632	2,398,184	
Rubber (5)	301,121	5,623,406	6,163,530	
Stone, Clay & Glass (6)	115,258	2,064,242	1,861,586	
Textiles (8)	247,920	3,222,861	4,212,509	
Transportation Equipment (23)	2,167,632	41,981,827	57,639,461	
MERCHANDISING (18)	1,504,121	13,120,826	19,153,014	
TELECOMMUNICATIONS (18)	3,123,098	40,586,848	15,652,480	
TRANSPORTATION (7)	278,669	10,985,759	1,690,432	
UTILITIES (62)	2,830,380	52,537,777	14,633,108	
TOTAL (505)	$36,860,067	$740,958,558	$367,830,014	$3
Totals for 1968 for 538 companies participating in 1968 Survey	$38,883,406	$638,570,419	$327,669,160	$3

* Total business receipts.
† Net gain from operations after dividends to policyholders, excluding capital gains and losses.
‡ Total premium income and net investment income.

IONS AND EDUCATIONAL SUPPORT IN RELATION TO PRE-TAX NET INCOME,
S, BY INDUSTRY, 1970

	Pre-Tax Net Income (000)	Assets (000)	Net Sales (000)	Total Contributions	Support of Education	Support of Welfare & Other
	$ 2,323,054	$232,930,915	$ 13,280,188*	$ 24,985,727	$ 5,784,208	$ 19,201,519
N (4)	109,902	1,444,057	2,323,415	921,967	498,308	423,659
	341,129	11,801,893	1,620,695*	1,751,377	671,904	1,079,473
	1,099,678†	106,335,026	15,789,646‡	9,865,280	3,354,678	6,510,602
	25,250,036	271,215,457	283,687,036	215,689,654	92,718,313	122,971,341
	5,460,041	37,574,802	39,418,171	43,529,246	19,084,335	24,444,911
	5,043,016	41,330,705	43,064,508	37,054,758	18,529,615	18,525,143
	406,410	6,290,265	7,836,496	4,834,102	1,770,304	3,063,798
	1,628,530	11,816,716	21,210,990	12,940,408	4,081,375	8,859,033
	812,900	12,463,294	12,965,232	10,708,290	4,097,716	6,610,574
	684,151	5,068,840	3,286,704	2,253,472	887,993	1,365,479
	296,435	5,420,692	5,456,785	3,215,647	849,105	2,366,542
	6,772,577	74,162,784	61,211,233	32,420,340	16,104,057	16,316,283
	1,072,543	22,244,391	16,961,647	17,946,378	7,363,879	10,582,499
	241,502	1,950,632	2,398,184	1,978,920	803,104	1,175,816
	301,121	5,623,406	6,163,530	3,982,835	1,651,695	2,331,140
	115,258	2,064,242	1,861,586	2,019,555	785,859	1,233,696
	247,920	3,222,861	4,212,509	4,571,663	2,079,414	2,492,249
	2,167,632	41,981,827	57,639,461	38,234,040	14,629,862	23,604,178
	1,504,121	13,120,826	19,153,014	18,823,150	3,605,539	15,217,611
	3,123,098	40,586,848	15,652,480	12,859,584	2,994,222	9,865,362
	278,669	10,985,759	1,690,432	3,226,029	1,045,332	2,180,697
	2,830,380	52,537,777	14,633,108	16,770,989	5,040,297	11,730,692
	$36,860,067	$740,958,558	$367,830,014	$304,893,757	$115,712,801	$189,180,956
	$38,883,406	$638,570,419	$327,669,160	$308,765,408	$122,961,232	$185,804,176

s to policyholders, excluding capital gains and losses.
nt income.

Total Contributions as a % of:			Educational Support as a % of:			Percentage of Total Contributions to:		
PTNI	Assets	Net Sales	PTNI	Assets	Net Sales	Education	Welfare & Other	Industry
1.076	.011	.188	.249	.003	.044	23.1	76.9	BANKS (7
.839	.064	.040	.453	.035	.022	54.0	46.0	ENGINEE
.513	.015	.108	.197	.006	.041	38.4	61.6	FINANCE
.897	.009	.062	.305	.003	.021	34.0	66.0	INSURAN
.854	.080	.076	.367	.034	.033	43.0	57.0	MANUFA
.797	.116	.110	.350	.051	.048	44.0	56.0	Chemi
.735	.090	.086	.367	.045	.043	50.0	50.0	Electri
1.189	.077	.062	.436	.028	.023	36.6	63.4	Fabrica
.795	.110	.061	.251	.035	.019	32.0	68.0	Food,
1.317	.086	.083	.504	.033	.032	38.3	61.7	Machi
.329	.044	.069	.130	.018	.027	39.4	60.6	Mining
1.085	.059	.059	.286	.016	.016	26.4	73.6	Paper
.479	.044	.053	.238	.023	.026	49.7	50.3	Petrole
1.673	.081	.106	.687	.033	.043	41.0	59.0	Primar
.819	.101	.083	.333	.041	.033	40.6	59.4	Printi
1.323	.071	.065	.549	.029	.027	41.5	58.5	Rubbe
1.753	.098	.109	.682	.038	.042	38.9	61.1	Stone,
1.844	.142	.109	.839	.065	.049	45.5	54.5	Textile
1.764	.091	.066	.675	.035	.025	38.3	61.7	Transp
1.251	.143	.098	.240	.027	.019	19.2	80.8	MERCHA
.412	.032	.082	.096	.007	.019	23.3	76.7	TELECO
1.158	.029	.191	.375	.010	.062	32.4	67.6	TRANSP
.593	.032	.115	.178	.010	.034	30.1	69.9	UTILITIE
.827	.041	.083	.314	.016	.031	38.0	62.0	TO
.794	.048	.094	.316	.019	.038	39.9	60.1	Totals fo partic

upport as a % of: Assets	Net Sales	Percentage of Total Contributions to: Education	Welfare & Other	Industry
003	.044	23.1	76.9	BANKS (75)
035	.022	54.0	46.0	ENGINEERING & CONSTRUCTION (4)
006	.041	38.4	61.6	FINANCE (5)
003	.021	34.0	66.0	INSURANCE (53)
034	.033	43.0	57.0	MANUFACTURING (263)
051	.048	44.0	56.0	Chemicals (49)
045	.043	50.0	50.0	Electrical Machinery (29)
028	.023	36.6	63.4	Fabricated Metal (19)
035	.019	32.0	68.0	Food, Beverage & Tobacco (26)
033	.032	38.3	61.7	Machinery (30)
018	.027	39.4	60.6	Mining (9)
016	.016	26.4	73.6	Paper (11)
023	.026	49.7	50.3	Petroleum & Gas (23)
033	.043	41.0	59.0	Primary Metal (18)
041	.033	40.6	59.4	Printing & Publishing (7)
029	.027	41.5	58.5	Rubber (5)
038	.042	38.9	61.1	Stone, Clay & Glass (6)
065	.049	45.5	54.5	Textiles (8)
035	.025	38.3	61.7	Transportation Equipment (23)
027	.019	19.2	80.8	MERCHANDISING (18)
007	.019	23.3	76.7	TELECOMMUNICATIONS (18)
010	.062	32.4	67.6	TRANSPORTATION (7)
010	.034	30.1	69.9	UTILITIES (62)
016	.031	38.0	62.0	TOTAL (505)
019	.038	39.9	60.1	Totals for 1968 for 538 companies participating in 1968 Survey

Textiles 0.84% of Pre-Tax Net Income Tops Industry Givers

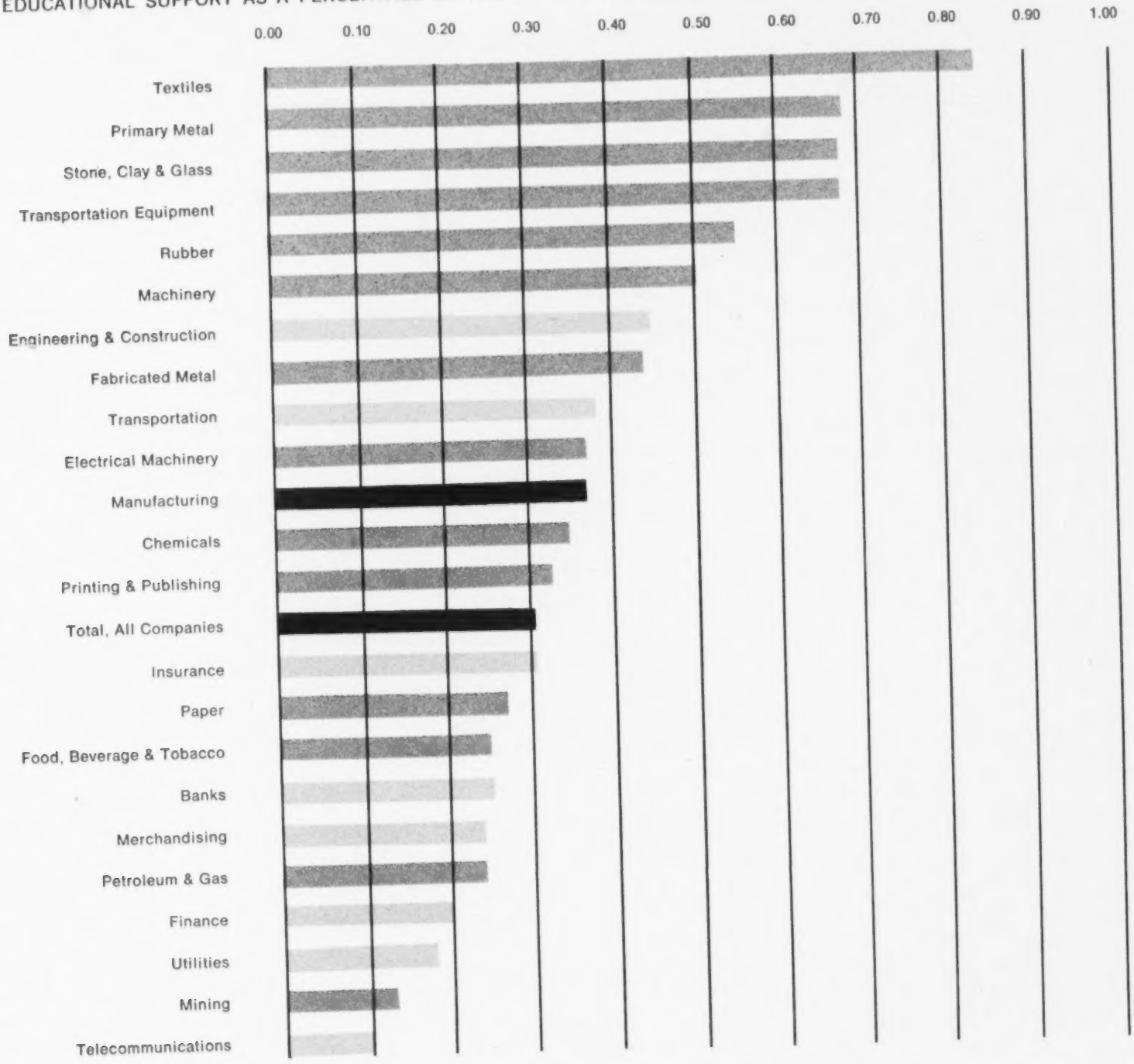
The relative performance of 22 tabulated industries, in terms of educational contributions as a percentage of PTNI, is shown on Chart 1.

The eight companies in the textile industry top the list with aid to education amounting to 0.84% of PTNI, nearly three times the average for all the companies taking part in the Survey.

The 13 companies in the telecommunications industry, which are affected by the policies of the regulatory agencies, contributed only 0.09% of PTNI, less than one-third of the Survey average.

The 263 manufacturing companies collectively gave

Chart 1
EDUCATIONAL SUPPORT AS A PERCENTAGE OF PRE-TAX NET INCOME, BY INDUSTRY, 1970



0.367% of PTNI in support of education. This compares with an average of 0.198 for the 242 companies in non-manufacturing industries.

When ranked by size, in terms of PTNI, assets and sales, two observations about the companies in the manufacturing industries emerge.

- The larger the company, the sm... is total contributions as a perce... 2 sales, and PTNI.
- The larger the company, the la... e educational contributions in th... s tions dollar.

Table III. CONTRIBUTIONS BY MANUFACTURING COMPANIES, BY PURPOSE:

AS A PERCENTAGE OF PRE-TAX NET INCOME, BY SIZE OF PTNI, 1970

	Total	Education	Welfare & Othe
Net Loss (17)	—	—	—
Net Income less than $5 million (32)	1.73	.51	1.22
$ 5 million under $ 10 million (31)	2.29	.97	1.32
$ 10 million under $ 25 million (40)	1.45	.41	1.04
$ 25 million under $ 50 million (48)	.99	.41	.58
$ 50 million under $100 million (35)	1.06	.35	.71
$100 million under $500 million (49)	.82	.38	.44
$500 million and over (11)	.65	.31	.34
All Manufacturing Companies (263)	.85	.37	.48

AS A PERCENTAGE OF TOTAL ASSETS, BY SIZE OF ASSETS, 1970

	Total	Education	Welfare & Othe
Less than $5 million (0)			
$ 5 million under $ 25 million (15)	.18	.05	.13
$ 25 million under $ 50 million (15)	.12	.03	.09
$ 50 million under $100 million (28)	.12	.05	.07
$100 million under $250 million (44)	.11	.04	.07
$250 million under $500 million (41)	.14	.05	.09
$500 million under $ 1 billion (49)	.08	.03	.05
$ 1 billion and over (70)	.07	.03	.04
All Manufacturing Companies (262)	.08	.03	.05

AS A PERCENTAGE OF NET SALES, BY SIZE OF SALES, 1970

	Total	Education	Welfare & Othe
Less than $5 million (0)			
$ 5 million under $ 25 million (9)	.07	.02	.05
$ 25 million under $ 50 million (14)	.18	.05	.13
$ 50 million under $100 million (31)	.09	.02	.07
$100 million under $250 million (46)	.09	.04	.05
$250 million under $500 million (49)	.11	.04	.07
$500 million under $ 1 billion (41)	.08	.03	.05
$ 1 billion and over (73)	.07	.04	.03
All Manufacturing Companies (263)	.08	.04	.04

com-
com-

and
the

- The larger the company, the smaller its level of total contributions as a percentage of assets, sales, and PTNI.
- The larger the company, the larger the share of educational contributions in the total contributions dollar.

URING COMPANIES, BY PURPOSE:

T INCOME, BY SIZE OF PTNI, 1970

Total	Education	Welfare & Other	Percentage of Total Contributions Education	Welfare & Other
–	–	–	22.0	78.0
1.73	.51	1.22	29.1	70.9
2.29	.97	1.32	42.3	57.7
1.45	.41	1.04	28.4	71.6
.99	.41	.58	41.1	58.9
1.06	.35	.71	32.6	67.4
.82	.38	.44	46.6	53.4
.65	.31	.34	47.2	52.8
.85	.37	.48	43.0	57.0

TS, BY SIZE OF ASSETS, 1970

Total	Education	Welfare & Other	Percentage of Total Contributions Education	Welfare & Other
.18	.05	.13	28.0	72.0
.12	.03	.09	28.0	72.0
.12	.05	.07	38.9	61.1
.11	.04	.07	39.8	60.2
.14	.05	.09	32.3	67.7
.08	.03	.05	37.0	63.0
.07	.03	.04	45.7	54.3
.08	.03	.05	43.0	57.0

BY SIZE OF SALES, 1970

Total	Education	Welfare & Other	Percentage of Total Contributions Education	Welfare & Other
.07	.02	.05	26.6	73.4
.18	.05	.13	29.8	70.2
.09	.02	.07	25.2	74.8
.09	.04	.05	45.2	54.8
.11	.04	.07	32.6	67.4
.08	.03	.05	37.4	62.6
.07	.04	.03	54.7	45.3
.08	.04	.04	50.0	50.0

Pittsburgh's 0.75% of Pre-Tax Net Income Leads Marketing Areas

Corporate support of education also has a geographical dimension. This is displayed in Table IV and on Charts 2a and 2b. All marketing areas from which five or more companies supplied information are listed.

As a percentage of PTNI, educational contributions range from a high of 0.75 for Pittsburgh to a low of 0.09 for St. Louis. The Survey average, including compa was 0.31.

As a share of total corporate cont ranges from a high of 57.9% for for St. Louis. The Survey average

Table IV. CORPORATE CONTRIBUTIONS TO EDUCATION BY MAJOR MARKETING AREAS, 1970

Marketing Area, with Number of Companies Reporting	Pre-Tax Net Income (000)	Support of Education	Support of Education as a % of PTNI*
AKRON (5)	$ 281,991	$ 1,413,922	0.50
ALLENTOWN-BETHLEHEM (6)	236,615	1,463,368	0.62
BALTIMORE (7)	172,345	366,061	0.21
BOSTON (15)	646,652	1,662,339	0.26
CHICAGO (33)	2,854,937	8,679,315	0.30
CINCINNATI (6)	582,447	2,008,426	0.34
CLEVELAND (20)	663,861	3,137,789	0.47
DALLAS-FT. WORTH (7)	271,672	766,682	0.28
DAYTON (6)	140,404	937,922	0.67
DES MOINES (6)	78,818	267,043	0.34
DETROIT (9)	2,387,551	10,393,676	0.43
GREENSBORO (7)	633,987	2,637,249	0.42
HARTFORD (9)	388,030	1,287,620	0.33
HOUSTON (9)	796,998	1,559,712	0.20
INDIANAPOLIS (10)	267,794	1,873,858	0.69
KANSAS CITY (9)	41,024	159,751	0.39
LOS ANGELES (15)	1,001,509	2,859,945	0.28
MILWAUKEE (14)	350,390	1,077,555	0.31
MINNEAPOLIS-ST. PAUL (15)	731,488	1,643,279	0.22
NEW YORK, Westchester Southern Conn./N.J. (102)	16,468,837	44,031,636	0.26
PHILADELPHIA (15)	727,007	2,217,362	0.30
PITTSBURGH (12)	882,516	6,576,302	0.75
RICHMOND (7)	152,780	332,235	0.22
ROCHESTER (6)	869,846	3,937,624	0.45
ST. LOUIS (9)	734,382	691,685	0.09
SAN FRANCISCO (18)	1,821,817	4,034,000	0.22
SURVEY AVERAGES (505 COMPANIES)			0.31

* In view of the fact that some of the marketing areas are represented by a relatively small number of companies, major importance should not be attached to minor differences in the percentage figures.

x Net Income Leads Marketing Areas

n also has a geographical dimen-
e IV and on Charts 2a and 2b. All
five or more companies supplied

cational contributions range from
to a low of 0.09 for St. Louis. The

Survey average, including companies from areas not shown, was 0.31.

As a share of total corporate contributions, educational support ranges from a high of 57.9% for Greensboro to a low of 16.1% for St. Louis. The Survey average was 38.0%.

TRIBUTIONS TO EDUCATION BY MAJOR MARKETING AREAS, 1970

Pre-Tax Net Income (000)	Support of Education	Support of Education as a % of PTNI*	Total Contributions	Support of Education as a % of Total Contributions*
$ 281,991	$ 1,413,922	0.50	$ 3,247,399	43.5
236,615	1,463,368	0.62	3,327,354	44.0
172,345	366,061	0.21	1,345,731	27.2
646,652	1,662,339	0.26	4,861,227	34.2
2,854,937	8,679,315	0.30	22,872,837	37.9
582,447	2,008,426	0.34	4,748,721	42.3
663,861	3,137,789	0.47	7,159,094	43.8
271,672	766,682	0.28	1,769,774	43.3
140,404	937,922	0.67	2,263,806	41.4
78,818	267,043	0.34	609,180	43.8
2,387,551	10,393,676	0.43	27,964,483	37.2
633,987	2,637,249	0.42	4,552,223	57.9
388,030	1,287,620	0.33	4,334,463	29.7
796,998	1,559,712	0.20	5,363,727	29.8
267,794	1,873,858	0.69	4,749,186	39.5
41,024	159,751	0.39	572,707	27.9
1,001,509	2,859,945	0.28	6,950,276	41.1
350,390	1,077,555	0.31	3,697,235	29.1
731,488	1,643,279	0.22	5,233,688	31.4
16,468,837	44,031,636	0.26	99,299,341	44.3
727,007	2,217,362	0.30	7,843,846	28.3
882,516	6,576,302	0.75	16,716,850	39.3
152,780	332,235	0.22	1,775,615	18.7
869,846	3,937,624	0.45	7,845,449	50.2
734,382	691,685	0.09	4,293,115	16.1
1,821,817	4,034,000	0.22	11,195,507	36.0
ANIES)		0.31		38.0

rketing areas are represented by a relatively small number of com-
e attached to minor differences in the percentage figures.

Chart 2a
CORPORATE SUPPORT OF EDUCATION AS A PERCENTAGE OF PRE-TAX NET INCOME, 1970
By Marketing Areas

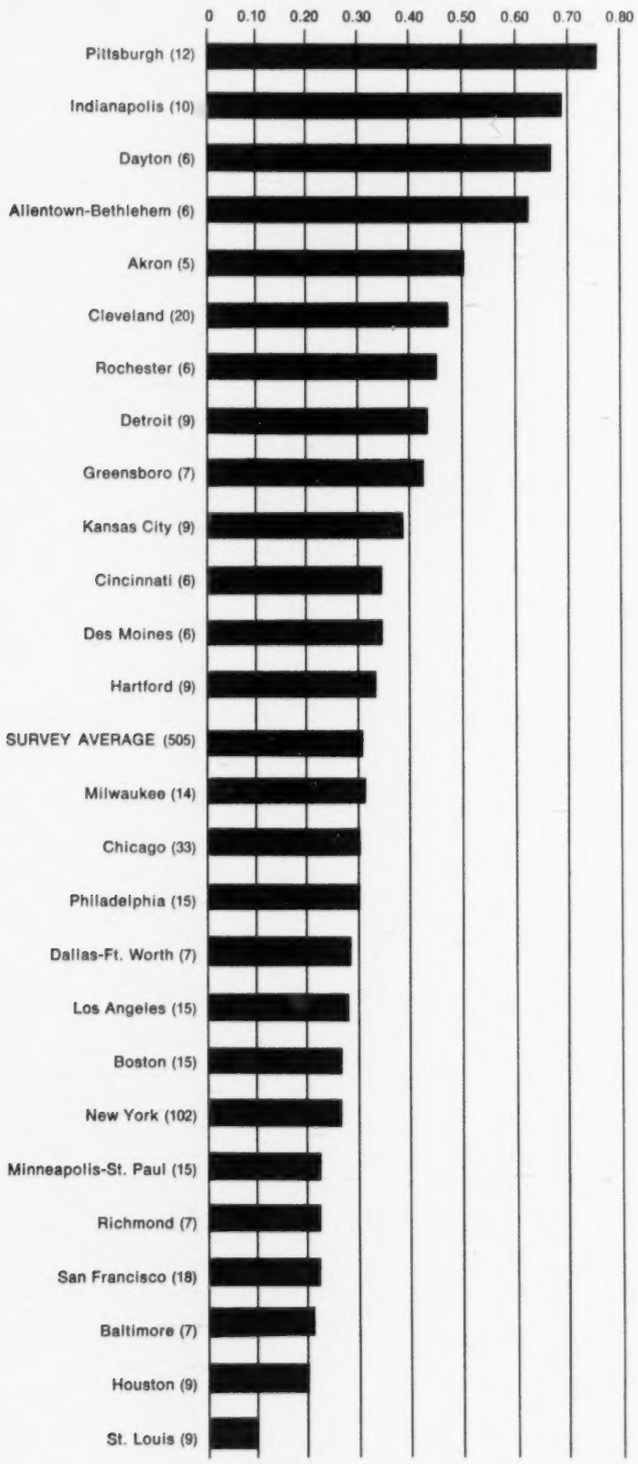
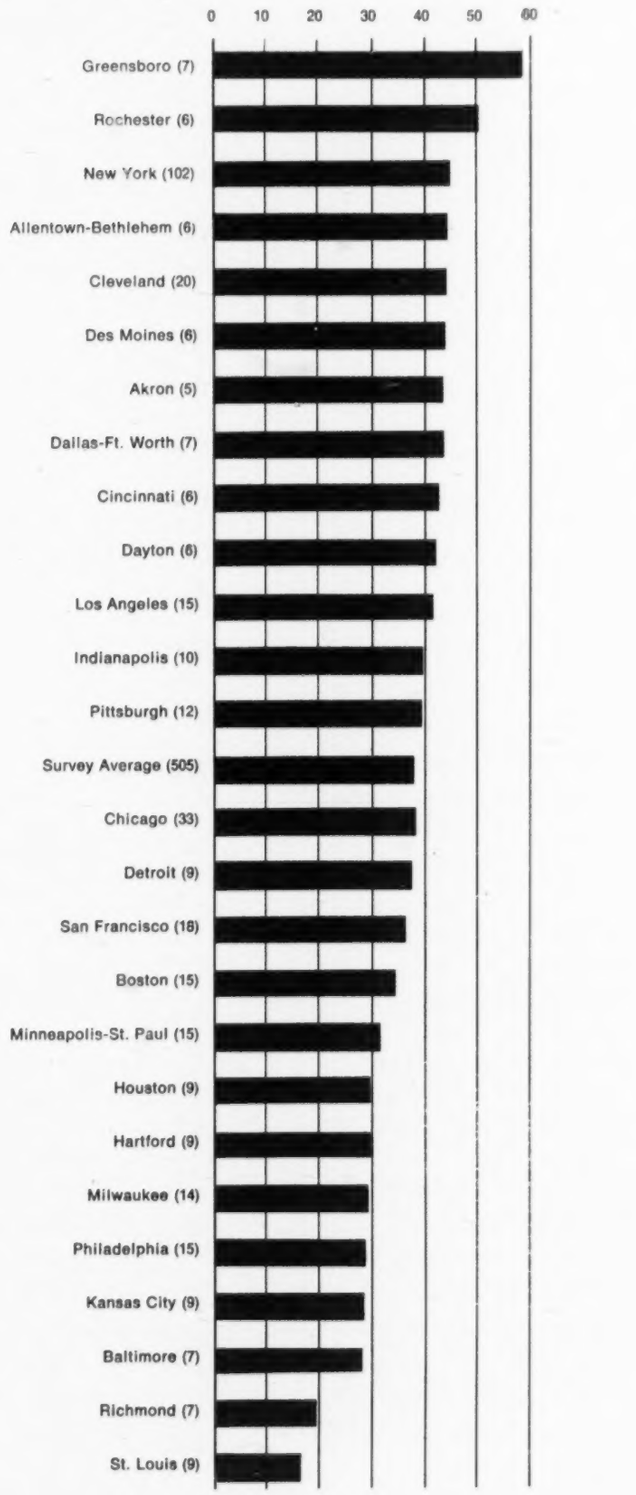


Chart 2b
CORPORATE SUPPORT OF EDUCATION AS A PERCENTAGE OF TOTAL CONTRIBUTIONS, 1970
By Marketing Areas



Unrestricted Giving Gains

A comparison of the data from the 1968 and 1970 Surve
community changed the "mix" of its educational contri
further details, see Table V and Chart 3):

1. Support of colleges and universities rose from 69.6%
of the total in 1970.
2. There was a pronounced shift away from capital sup
port. This may simply reflect the timing of capital cam
3. This shift was especially pronounced in the case of
current operations rose from 21.5% to 25.9% of the
purposes fell from 13.1% to 9.3% in the two-year per
4. Aid to students, in the form of scholarships and fello
from 11.2% of the total in 1968 to 13.1% in 197
amounts given to the institutions of higher education f
5. Supplementary educational programs, including supp
education, tuition refunds and scholarships for empl
seminars, and support of educational associations,
19.2% to 15.6%.

Table V. PURPOSES OF EDUCATIONAL SUPPORT, 1970 vs. 1968*
(Amounts in thousands)

	CURRENT OPERATIONS			CAPITAL PURPOSES		
	1970		1968	1970		1968
Support of Colleges & Universities:						
Direct Grants:						
Unrestricted Grants	$31,644	25.9%	21.5%	$11,327	9.3%	13.1%
Restricted Grants:						
Student Financial Aid	4,330	3.5	3.0	126	0.1	0.2
Basic Research & Departmental Grants	9,426	7.7	8.2	636	0.5	0.5
Faculty Compensation	1,587	1.3	1.1	290	0.2	0.5
Physical Plant	2,160	1.9	0.2	7,093	5.8	5.8
Other Restricted Grants	5,394	4.4	7.2	3,124	2.6	0.9
Total Direct Grants	$54,541	44.7%	41.2%	$22,596	18.5%	21.0%
Indirect Grants—Fund-Raising Groups	9,895	8.1	7.4			
Total Support of Colleges & Universities	$64,436	52.8%	48.6%	$22,596	18.5%	21.0%
Scholarships & Fellowships	16,059	13.1	11.2			
Primary & Secondary Education	3,824	3.1	5.8			
Other Educational Contributions	15,211	12.5	13.4			
Total Corporate Support of Education	$99,530	81.5%	79.0%	$22,596	18.5%	21.0%

* 1970 — 498 companies
1968 — 591 companies

Unrestricted Giving Gains

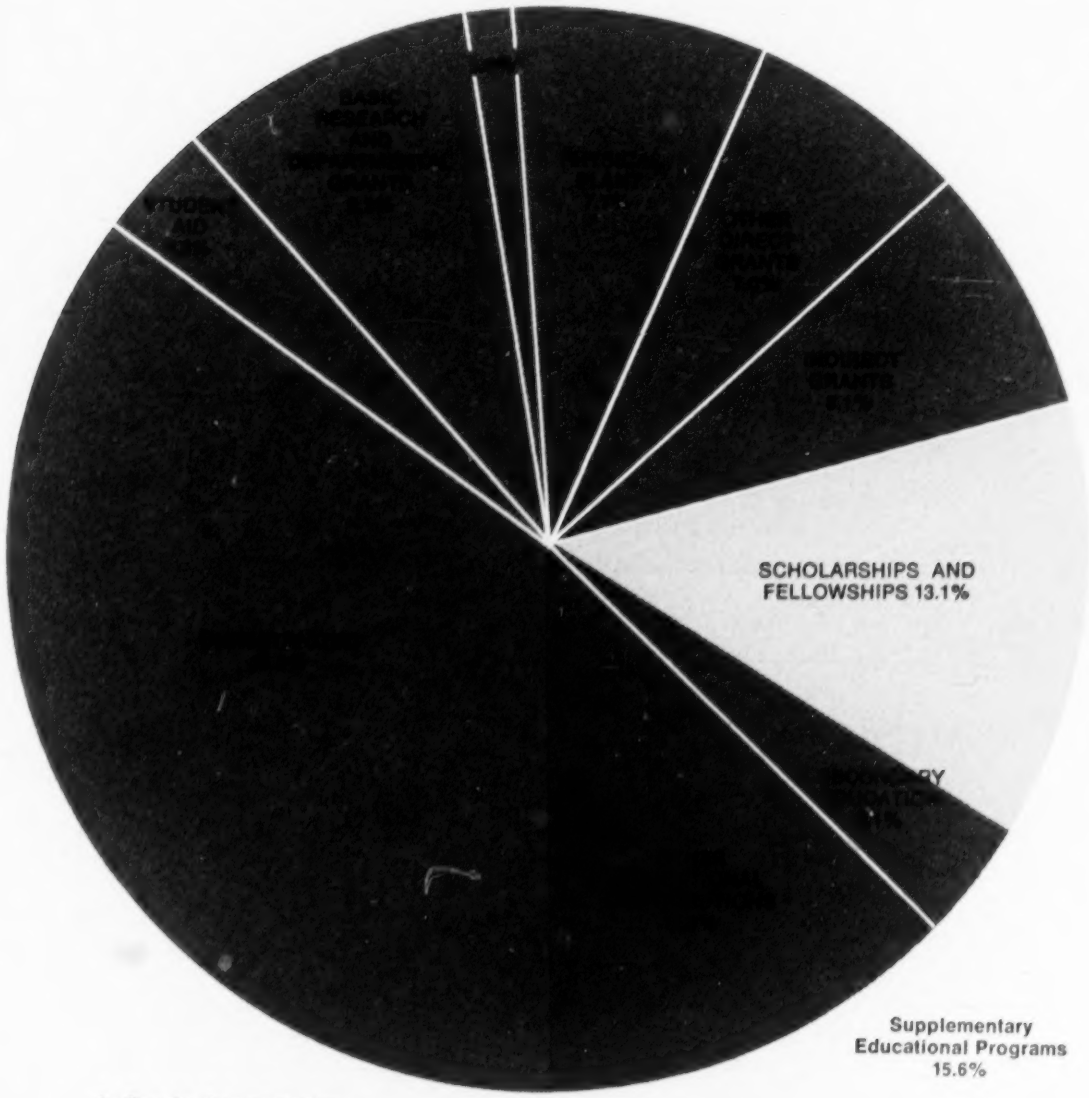
A comparison of the data from the 1968 and 1970 Surveys indicates that the business community changed the "mix" of its educational contributions in important ways (for further details, see Table V and Chart 3):

1. Support of colleges and universities rose from 69.6% of the total in 1968 to 71.3% of the total in 1970.
2. There was a pronounced shift away from capital support to current operating support. This may simply reflect the timing of capital campaigns.
3. This shift was especially pronounced in the case of unrestricted giving; grants for current operations rose from 21.5% to 25.9% of the total, while grants for capital purposes fell from 13.1% to 9.3% in the two-year period.
4. Aid to students, in the form of scholarships and fellowships, increased significantly from 11.2% of the total in 1968 to 13.1% in 1970. This does not include the amounts given to the institutions of higher education for this purpose.
5. Supplementary educational programs, including support of primary and secondary education, tuition refunds and scholarships for employees, in-house institutes and seminars, and support of educational associations, decreased in importance from 19.2% to 15.6%.

TIONAL SUPPORT, 1970 vs. 1968*

	CURRENT OPERATIONS			CAPITAL PURPOSES			TOTAL		
	1970		1968	1970		1968	1970		1968
	$31,644	25.9%	21.5%	$11,327	9.3%	13.1%	$ 42,971	35.2%	34.6%
	4,330	3.5	3.0	126	0.1	0.2	4,456	3.6	3.2
ants	9,426	7.7	8.2	636	0.5	0.5	10,062	8.2	8.7
	1,587	1.3	1.1	290	0.2	0.5	1,877	1.5	1.6
	2,160	1.9	0.2	7,093	5.8	5.8	9,253	7.7	6.0
	5,394	4.4	7.2	3,124	2.6	0.9	8,518	7.0	8.1
	$54,541	44.7%	41.2%	$22,596	18.5%	21.0%	$ 77,137	63.2%	62.2%
os	9,895	8.1	7.4				9,895	8.1	7.4
s	$64,436	52.8%	48.6%	$22,596	18.5%	21.0%	$ 87,032	71.3%	69.6%
	16,059	13.1	11.2				16,059	13.1	11.2
	3,824	3.1	5.8				3,824	3.1	5.8
	15,211	12.5	13.4				15,211	12.5	13.4
	$99,530	81.5%	79.0%	$22,596	18.5%	21.0%	$122,126	100.0%	100.0%

Chart 3
CORPORATE SUPPORT OF EDUCATION BY PURPOSE, 1970**



* Faculty Compensation
** Based on Data from 498 companies.

Part II
National Trends Are Mixed

Some Indices Down, Others Up

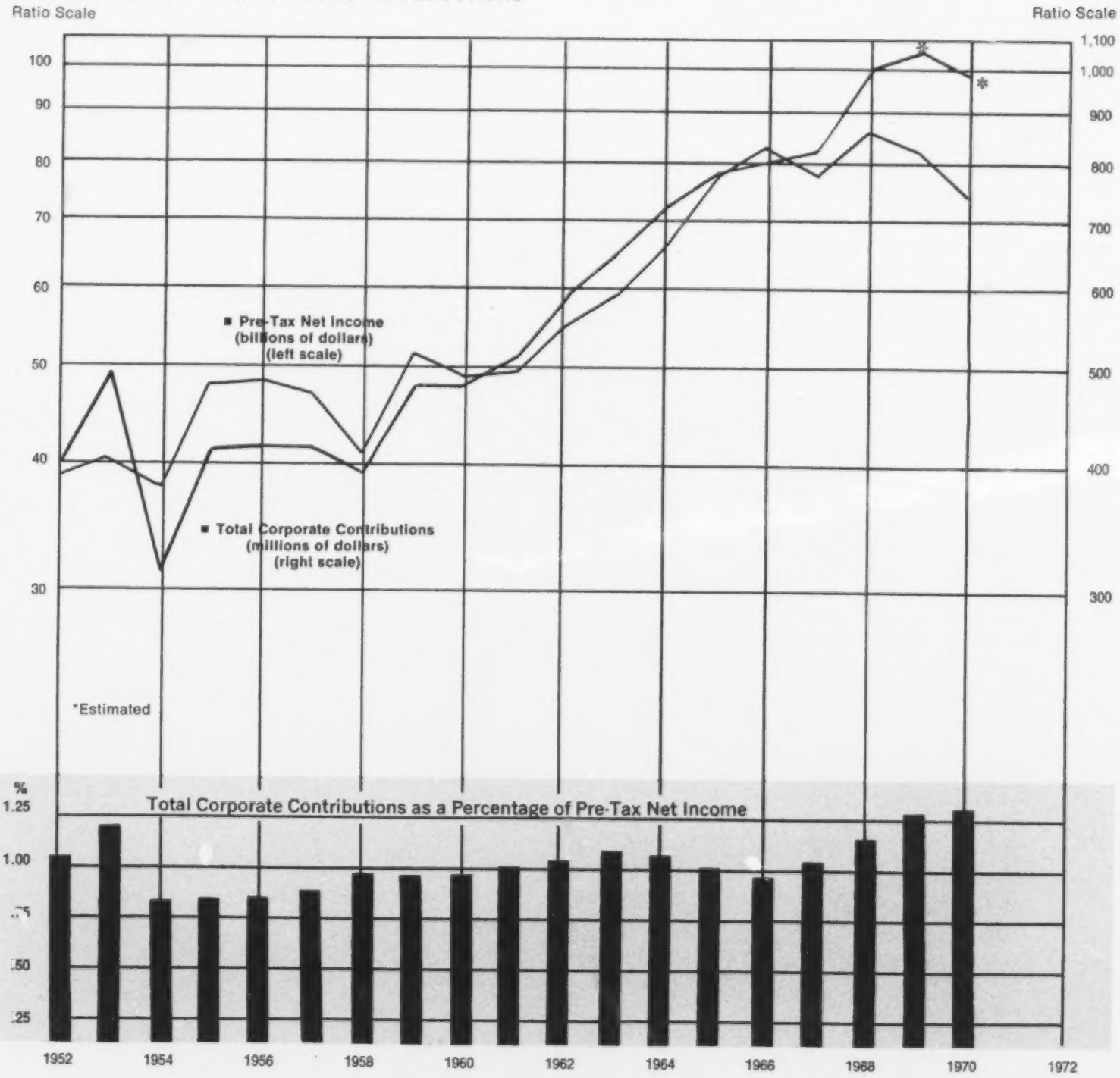
The companies participating in the 1970 Survey of Corporation Support of Education account for roughly one-third of total corporate profits before taxes as estimated by the U.S. Department of Commerce, and for roughly one-third of total contributions and gifts as reported to the Internal Revenue Service for tax purposes.

Although the number of companies in the Survey is quite small in relation to the size of the entire corporate community, the information provided by them, taken in conjunction with data from other sources (see Table VI), provide a base from which the CFAE estimates the national totals with respect to corporation support of education.

These are the principal conclusions:

1. Corporation support of education amounted to $340 million in 1970, 4.2% less than the revised estimate of $355 million in 1968.
2. In 1969 (a non-Survey year), corporation support of education is estimated to have been $375 million; the decrease in 1970, therefore, amounted to 9.3%.
3. This is the first year-to-year decline in educational support by business in at least 12 years, a period which witnessed a growth of 10.8% per year, on the average.
4. For the corporation community as a whole, educational support was equal to 0.45% of total pre-tax net income, an all-time high. This national figure is higher than the one for companies taking part in the CFAE Survey because the smaller firms, for which this percentage is relatively high, are substantially under-represented in the Survey (see p. 17).
5. As a share of the total corporate contributions dollar, aid to education amounted to 34.3% in 1970. This is the lowest figure since 1964, and it marks the third successive year of decline since the record high of 38.0% in 1967.
6. New data indicate that total corporate contributions for all purposes exceeded $1 billion in 1968 for the first time. Rough estimates suggest that the dollar figure rose 7% in 1969 and fell 8% in 1970.
7. Total corporate contributions as a percentage of PTNI has risen appreciably in each of the last four years, and in 1970 was at a record level of 1.31. This compares with 1.28 in 1969 and 1.15 in 1968.

Chart 4
TOTAL PRE-TAX NET INCOME AND CONTRIBUTIONS



A New Era in Corporate Philanthropy?

Information from the Internal Revenue Service regarding total corporate contributions in 1970 will not be available until late 1973. However, the Service's recent release of data for 1968 indicates that the past three years will show a marked change from previous patterns.

The record $1.005 billion in total contributions for 1968 represents a jump of 21.1% over 1967. The American Association of Fund-Raising Counsel (AAFRC) estimates that total contributions increased another 7% to $1.075 billion in 1969. A reasonable guess about corporate contributions in 1970 is that they amounted to $990 million, down about 8% from 1969 and 1.5% from 1968. This would be consistent with the figures reported in the current Survey.

Against the background of total pre-tax net income in the years since 1967, these measures of total contributions indicate that there has been a significant upward shift in the importance of contributions as a percentage of PTNI. This is indicated graphically on Chart 4.

The movement of total PTNI f
past four years is in sharp c
though the 1968 recovery fr
PTNI to a new high level, t
amounting to 13.9%, makin
action since 1958.

These developments are pot
fact that corporate contributi
sharply to the $1 billion level
to grow means that there ha
tionship between them.

As a percentage of PTNI, tota
narrow range around the 1.00
1967. In 1968 it rose to 1.15
1.31. These are extraordinar
ards. If the estimates for 196
this development may indica
corporate philanthropy.

Table VI. NATIONAL TRENDS IN CORPORATE PRE-TAX NET INCOME AND CONTRIBUTIONS

Year	Corporate Net Income Reported for Federal Income Tax Purposes† (billions of dollars)	Corporate Pre-Tax Net Income as a Component of the National Income‡ (billions of dollars)	Corporate Contributions (millions of dollars)		Contrib Percentag Pre-Tax
			Total†	Education¶	Total
1950	42.6	42.6	252	43	0.59
1955	47.5	48.6	415	104	0.85
1958	38.5	41.4	395	137	0.95
1959	46.8	52.1	482	160	0.93
1960	43.5	49.7	482	178	0.97
1961	45.9	50.3	512	190	1.02
1962	49.6	55.4	595	200	1.07
1963	54.3	59.4	657	225	1.11
1964	61.6	66.8	729	250	1.09
1965	73.9	77.8	785	283	1.01
1966	80.5	84.2	805	300	0.96
1967	78.2	79.8	830	315	1.04
1968	85.3	87.6	1,005	355	1.15
1969	n.a.	84.2	1,075§	375	1.28
1970	n.a.	75.4	990¶	340	1.31

* See Appendix (III) for definitions.
† Internal Revenue Service
‡ U.S. Department of Commerce
§ American Association of Fund-Raising Counsel
¶ CFAE
n.a. — not available

hropy?

venue Service regarding total will not be available until late cent release of data for 1968 rs will show a marked change

l contributions for 1968 rep-67. The American Association estimates that total contribu-075 billion in 1969. A reason-ibutions in 1970 is that they about 8% from 1969 and onsistent with the figures re-

e-tax net income in the years al contributions indicate that rd shift in the importance of TNI. This is indicated graphi-

The movement of total PTNI for all U.S. corporations during the past four years is in sharp contrast to the period 1960-66. Although the 1968 recovery from the 1966-67 downturn carried PTNI to a new high level, there followed a two-year decline amounting to 13.9%, making this the longest and deepest reaction since 1958.

These developments are potentially of great significance. The fact that corporate contributions for all purposes moved upward sharply to the $1 billion level during 1968-70 while PTNI ceased to grow means that there has been a discontinuity in the relationship between them.

As a percentage of PTNI, total contributions fluctuated within a narrow range around the 1.00 level throughout the period 1960-1967. In 1968 it rose to 1.15, in 1969 to 1.28, and in 1970 to 1.31. These are extraordinarily high levels by historical standards. If the estimates for 1969 and 1970 prove to be accurate, this development may indicate the beginning of a new era in corporate philanthropy.

CORPORATE PRE-TAX NET INCOME AND CONTRIBUTIONS*

rate Pre-Tax Income as a onent of the nal Income‡ ns of dollars)	Corporate Contributions (millions of dollars)		Contributions as a Percentage of Corporate Pre-Tax Net Income		Educational Support as a Percentage of Total Contributions
	Total†	Education¶	Total	Education	
42.6	252	43	0.59	0.10	17.0
48.6	415	104	0.85	0.21	25.1
41.4	395	137	0.95	0.33	34.7
52.1	482	160	0.93	0.31	33.2
49.7	482	178	0.97	0.36	36.9
50.3	512	190	1.02	0.38	37.1
55.4	595	200	1.07	0.36	33.6
59.4	657	225	1.11	0.38	34.2
66.8	729	250	1.09	0.37	34.3
77.8	785	283	1.01	0.36	36.1
84.2	805	300	0.96	0.36	37.3
79.8	830	315	1.04	0.39	38.0
87.6	1,005	355	1.15	0.41	35.3
84.2	1,075§	375	1.28	0.45	34.9
75.4	990¶	340	1.31	0.45	34.3

Education Support at Record Level Relative to Profits

The marked rise of total contributions as a percentage of PTNI since 1967 has been accompanied by a similar trend change in the relationship between corporate support of education and PTNI. This is shown in graphic terms on Chart 5.

Corporate educational contributions as a percentage of PTNI fluctuated within a narrow range around the 0.37 level throughout the period 1960-1966. It rose in each of the following three years to a new high of 0.45 and remained at this level in 1970.

The difference between this figure for the entire corporate community and the comparable figure for 505 companies reporting in this Survey, 0.31% (see p. 6), is explained by the data shown on Table III. The smaller companies, which account for roughly two-thirds of all corporate aid to education, provide educational support at levels that represent a higher percentage of PTNI than the larger companies. A
under-represented in the Survey.

The relationship between total co
and total corporate contributions
Chart 6. Both have grown at exce
mid-1950's. Since 1967, howev
grown more rapidly than educati
flected in a decline of grants to
total contributions. This figure, sh
a peak of 38.0% in 1967 and has
in 1970.

Again, this figure differs from th
panies taking part in this Survey,
are over-represented in the Surve

Chart 5
ESTIMATED TOTAL CORPORATE SUPPORT OF EDUC
OF PRE-TAX NET INCOME

Level Relative to Profits

ibutions as a percentage of PTNI hied by a similar trend change in orate support of education and terms on Chart 5.

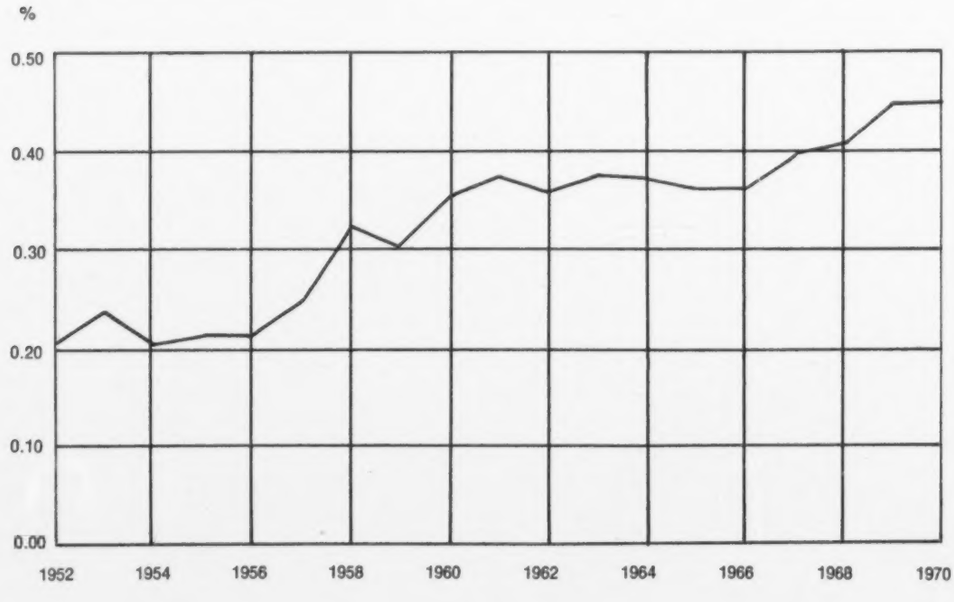
utions as a percentage of PTNI ge around the 0.37 level through- ose in each of the following three nd remained at this level in 1970.

gure for the entire corporate com- gure for 505 companies reporting p. 6), is explained by the data er companies, which account for rate aid to education, provide edu- represent a higher percentage of PTNI than the larger companies. And the smaller companies are under-represented in the Survey.

The relationship between total corporate support of education and total corporate contributions for all purposes is shown on Chart 6. Both have grown at exceptionally high rates since the mid-1950's. Since 1967, however, total contributions have grown more rapidly than educational support, and this is reflected in a decline of grants to education as a percentage of total contributions. This figure, shown also in Table VI, reached a peak of 38.0% in 1967 and has since drifted down to 34.3% in 1970.

Again, this figure differs from the 0.38% shown for all companies taking part in this Survey. The larger companies, which are over-represented in the Survey, typically provide support to

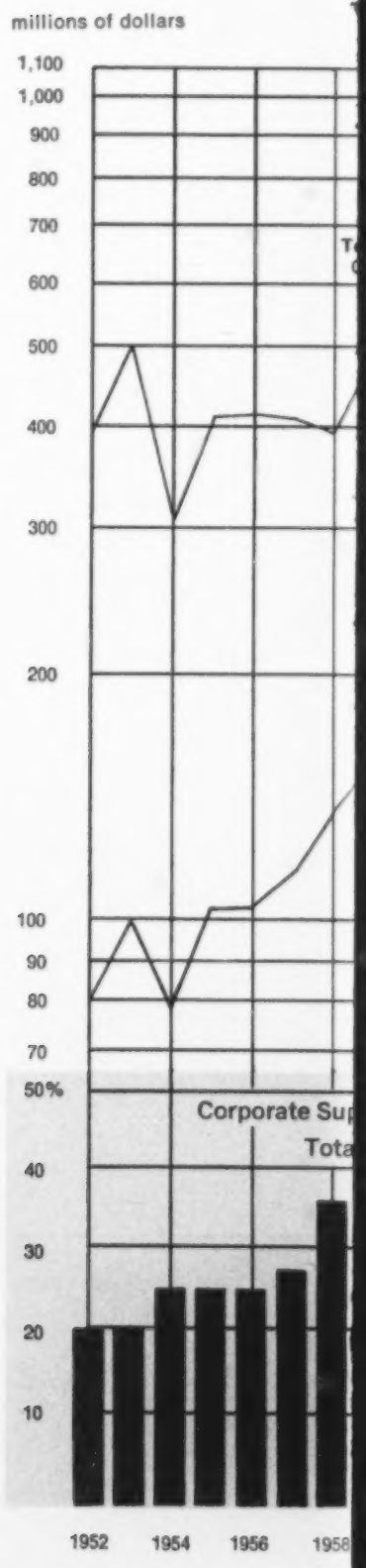
Chart 5
ESTIMATED TOTAL CORPORATE SUPPORT OF EDUCATION AS A PERCENTAGE OF PRE-TAX NET INCOME



education that is higher as a share of the total contributions dollar than is the case with the smaller companies which make up the bulk of the corporate community.

In dollar terms, corporate support of education is estimated to have been $340 million in 1970, down 4.2% from the revised estimate of $355 million in 1968, and 9.3% from the rough estimate of $375 million in 1969. The reasons for this development are discussed in Part III.

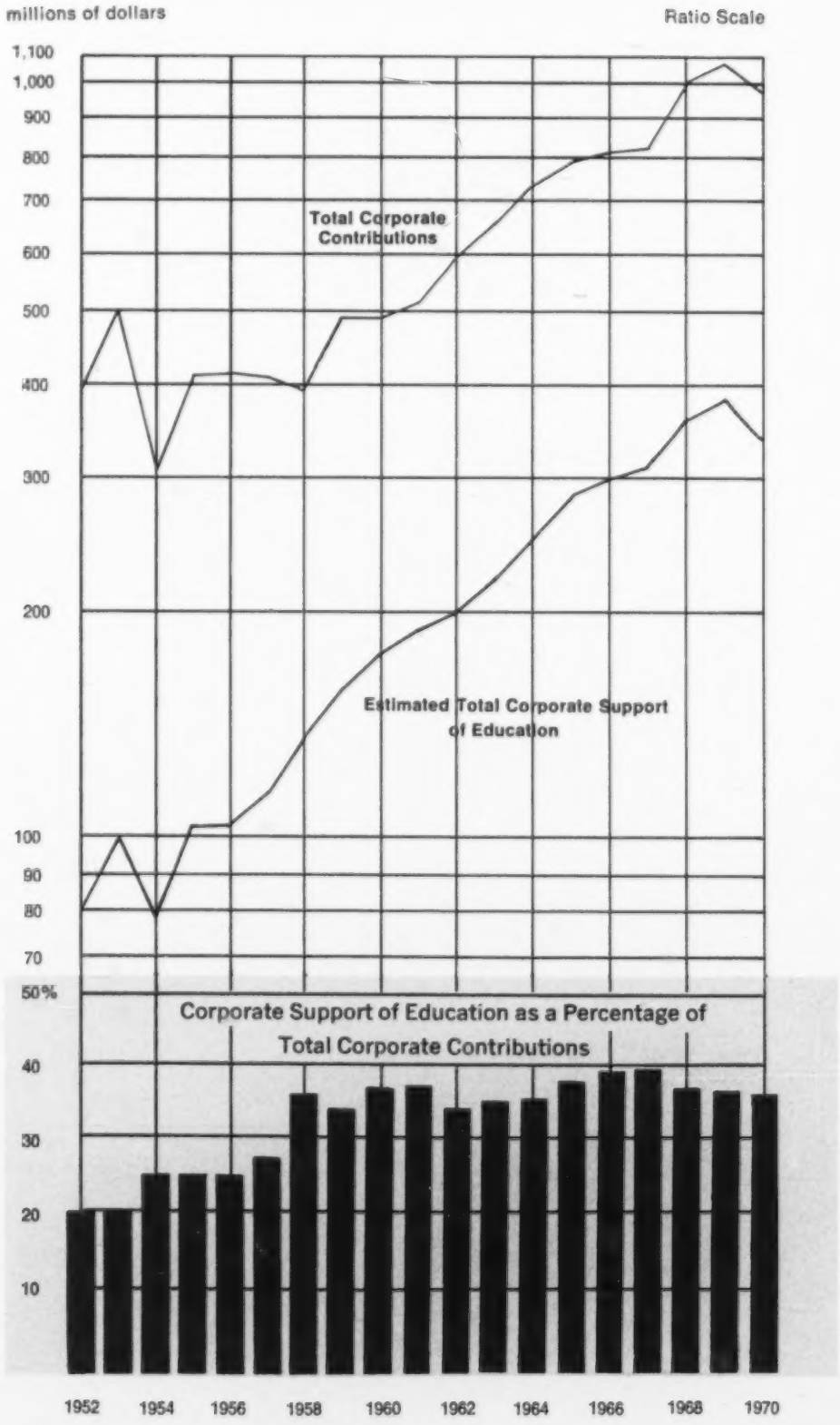
Chart 6
THE CONTRIBUTIONS DOLL



hare of the total contributions
maller companies which make
munity.

rt of education is estimated to
, down 4.2% from the revised
68, and 9.3% from the rough
. The reasons for this develop-

Chart 6
THE CONTRIBUTIONS DOLLAR AND EDUCATION



The principal cause of the decline in dollar support of education in 1970 is undoubtedly the sharp fall in corporate profits. The decrease in PTNI from $87.6 billion in 1968 to $75.4 billion in 1970 amounted to 13.9%. This slide in the profits picture nationally is the longest and deepest since 1958. Although the Department of Commerce will almost certainly revise these figures in the future, it is clear that the recession which began in early 1969 had a monumental impact on corporate earnings.

In previous periods when profits declined, the decrease was small and of short duration. This was the case in 1960, for example, and again in 1966-67. In both of these instances there was little or no impact on the level of corporate support of education. The contributions budget in total and the amount earmarked for education in particular do not loom large in relation to PTNI, and at existing income tax rates the after-tax effect of any changes is even smaller. For the typical company, therefore, a temporary softening of profits is not sufficient to cause a revision of the contributions program and budget.

Indeed, this appears to have been the picture in 1969. Although PTNI did decrease in that year, the decline amounted to only 3.9% (see Table VI). The contributions budgets which were approved early in the year or late in 1968 were maintained at increased levels compared to those of the previous year. Corporate contributions for all purposes were up about 7% over 1968, and the support of education rose about 5.6%.

Part III
The Reasons For The Changes

The Effects of the Recession

By the end of 1969, when the budgets for 1970 were being reviewed, it was apparent that the recession was likely to be more severe and more prolonged than previously anticipated. Unemployment was high and rising, interest rates were up sharply and credit was unusually tight, and the pace of business activity generally was falling. Under these conditions, many companies felt impelled to take a conservative posture with respect to their contributions policies.

In retrospect, the impact of the economic situation on corporate profits was unusually strong. Total PTNI declined by 10.5% in 1970, and a significant number of companies reported a net loss for the first time in many years. Under such circumstances, it is not surprising that there was some reduction in corporate contributions. Indeed, it is gratifying to observe that the cuts were generally smaller than the decline in profits.

There are other reasons for the changes in size and pattern of corporate giving, some of which are matters for speculation. Aside from the powerful effects of the changes in the profits picture, there are three factors which are widely believed to have

had a significant influence: (1) changes in the provisions of the Internal Revenue Code, (2) the emergence of new dimensions in the perception of the social responsibility of business, and (3) a sense of alienation from the affairs of the campus.

Changes in the Tax Laws

The first of these is easy to identify. A surcharge of 10% was imposed, in mid-1968, on both corporate and individual income taxes. The surcharge remained in effect throughout 1969 and was reduced to 5% in 1970. One of the effects of such a surcharge is to raise the effective tax rate, and the higher the effective tax rate the more willing a corporation (or an individual) is to contribute, because the net cost of the contribution after taxes is lower. This effect of the tax rate on giving was demonstrated dramatically during the Korean War when an excess profits tax was in effect, and it appears probable that this influence was at least partially responsible for the 1968 upsurge of corporate contributions and its subsequent plateau.

The impact of changes in the tax law was also apparent in 1970. The Tax Reform Act of 1969 changed the rules for valuation of gifts-in-kind. Contributions of merchandise, equipment, and other stock-in-trade are as deductible as gifts of money for tax purposes. The old rule, however, allowed a deduction based on market value, while the new law provides that the deduction must be valued at cost. While the precise importance of such gifts is not known, the available data suggest that corporations may have been giving annually from $20 to $30 million worth of property to education alone prior to 1970. The valuation change may well have reduced the apparent support of education by as much as $10 million, while the actual flow of books, drugs, machinery, and equipment, and other goods to colleges and universities may have been essentially unchanged.

Changing Concepts of the Social Responsibility of Business

The second influence is not subject to such easy quantification. One of the factors which is obviously important as a determinant of corporate contributions is the perception of corporate management of its proper role in dealing with social problems. The response of the corporate community to changes in the climate of opinion, however, is observable only in corporate action, and the separate impact of this response cannot be measured.

Despite this uncertainty, there is evidence which has led many to believe that there have been marked changes in the view of businessmen toward their social responsibilities, most of which have resulted from external pressures. There has been a strong new endorsement of volunteerism by the present administration, a new concern for urban problems and the task of improving the position of disadvantaged minorities, and a new interest in support of the arts, just to mention a few. While the dating of these and similar developments is tenuous, it appears that 1968 was indeed the "take-off" year, and that the upsurge of non-educational contributions in 1968 is attributable in part to the new concepts of corporate social responsibility.

Effects of Campus Unrest

The third influence, like the second, is of uncertain magnitude. The widespread campus unrest of 1968-70 and the subsequent restructuring of many intra-campus relationships are known to have alienated some business executives from the support of education. Most companies, however, have clearly taken a longer view of the matter, and, while deploring the violence, the property damage, and the loss of life, have been sympathetic to the needs for some elements of academic reform and the basic financial requirements of higher education.

In particular, there has been a new insistence on the efficiency of college and university administration, the management of campus finance, and on the structuring of academic programs to meet the needs of the day. The responses to this concern have been forthcoming and are still in process. College trustees and presidents have re-examined their purposes, redefined their priorities, and redesigned their management techniques to improve the utilization of their resources. Such a task is, of course, as unending in the academic community as it is in business, and continues to be an urgent matter throughout higher education.

"After much overwrought rhetoric and chaotic drift, the campuses, under economic duress, are creating a new sense of community. This, therefore, is the time to reassure higher education that its support stands high among the priorities of a nation seeking its way back to reason, peace, and prosperity."

Editorial, The New York Times, *August 29, 1971*

Part IV
The Challenge That Must Be Met

That business support of education has remained at high levels in spite of all the potential depressants in the picture is a tribute to the far-sightedness of corporate management. The year 1970 provided a severe test of the proposition that corporate support of education is good business, and the very modest decline in the estimated dollar total for that year is convincing proof that the basic commitment of business to its own stake in higher education has not been weakened.

There is, nonetheless, a new challenge evident for the future. This challenge impinges on higher education itself in recognition of its own needs and interests, on the CFAE as an instrument for "bridging the gap" between the needs and importance of higher education on the one hand and the requirements and interests of business on the other, and on the corporate community at large, whose long-run prosperity is so dependent on the strength and vitality of higher education.

Higher education has not shared proportionately in the rise of corporate contributions since 1966. But its needs have continued to grow with only minor abatement. Enrollment growth has slowed but not stopped, and the impact of inflation and other factors on educational costs per student has continued to be of major magnitude. On the other hand, the importance of higher education has not diminished but continued to rise.

It is essential, therefore, that there be a new sense of awareness of the opportunities for fruitful liaison between the corporation and the campus. In view of the deepening financial crisis for the institutions of higher education and the unmet needs of the growing body of college students, there must be a resurgence of corporate support of education. This is now a matter of survival for the independence of education; the stake of business here is obvious.

Appendix

I. Corporate Support and Educational Expenditures

As indicated in Table V (page 12), roughly 70% of the aid to education reported by companies participating in the 1968 and 1970 Surveys consists of direct and indirect support of colleges and universities; the other 30% goes for scholarships, student loans, tuition refunds, etc. Assuming that the 70% figure applies also to the corporate community as a whole, the indicated support of the institutions of higher education was in the neighborhood of $250 million in both 1968 and 1970.

Allowing for the difference between a calendar year and an academic (fiscal) year, these figures agree reasonably well with the estimates of corporate support received by the institutions of higher education, which are shown in the accompanying table.

Table VII. CORPORATE SUPPORT AND EDUCATIONAL EXPENDITURES

	Total Expenditures of Institutions of Higher Education* (billions)	Total Voluntary Support of Institutions of Higher Education† (millions)		Corporation Support of Institutions of Higher Education† (millions)		Corporation Support as a Percentage of Total Voluntary Support
1958-59	$ 6.2	$ 760	(12.3%)	$119	(1.9%)	15.7
1959-60	6.7	815	(12.1)	130	(1.9)	16.0
1960-61	7.7	900	(11.7)	147	(1.9)	16.3
1961-62	8.5	950	(11.2)	154	(1.8)	16.2
1962-63	10.2	1,050	(10.3)	169	(1.7)	16.1
1963-64	11.3	1,215	(10.8)	182	(1.6)	15.0
1964-65	12.9	1,400	(10.9)	196	(1.5)	14.0
1965-66	15.2	1,410	(9.3)	226	(1.5)	16.0
1966-67	17.5	1,450	(8.3)	240	(1.4)	16.8
1967-68	19.1	1,570	(8.2)	245	(1.3)	15.6
1968-69	21.3	1,800	(8.5)	272	(1.3)	15.1
1969-70	24.9	1,780	(7.1)	269	(1.1)	15.1
1970-71	28.0 est.	n.a.		n.a.		n.a.

* U.S. Office of Education.
† Estimates by CFAE from Surveys of Voluntary Support and other sources.
n.a. — not available.

This table is included here to show the relative importance of corporate support of colleges and universities in the context of the total expenditures of the institutions of higher education and total voluntary support from all sources. Several points are worthy of comment:

1. The total expenditures of colleges and universities in 1969-70 were about $25 billion, more than quadruple the level in 1958-59. This upsurge is due to a combination of enrollment growth and increased costs of education per student.

2. The financial support of colleges and universities by business corporations increased about 125% in this period. This is broadly parallel to the growth of total voluntary support from all sources.

3. Since expenditures have grown more rapidly than support, the relative importance of support, when measured against expenditures, has declined. Total voluntary support was equal to 12.3% of expenditures in 1958-59 and only 7.1% in 1969-70. Corporate support amounted to 1.9% of total expenditures in 1958-59 and only 1.1% in 1969-70.

II. A Note on Survey Technique

The questionnaire used to obtain the information upon which this report is based was similar to those used in the past, with one important exception. The responding companies were not asked to supply background information on their own assets, sales, and net income before taxes. From the earlier Surveys it had become clear that the overwhelming majority of participating companies were firms whose annual reports were readily available in public references. Accordingly, these questions were omitted from the 1970 Survey form in the hopes that the resulting simplification would induce a greater degree of corporate participation.

The corporate financial information used in this report was obtained by CFAE from the various manuals published by Moody's Investors Service and, for the insurance companies, from Best's Insurance Reports. The net income figures were taken before income taxes and exclusive of extraordinary charges or credits. This procedure ensures a high degree of comparability among the various industries represented, and permits a reasonable comparison between the sample totals and the relevant national estimates.

III. A Note on Pre-Tax Net Income and Contributions

There is no authoritative tabulation of total corporation net income before taxes as reported to corporate stockholders. The annual Statistics of Income, published by the U.S. Department of the Treasury, Internal Revenue Service, contains summaries of the income tax returns of all active corporations, based on sample estimates, which include figures for net income as defined by the Internal Revenue Code. This definition seriously understates corporate income as recorded on the corporate books of account. The amount of understatement has varied with changes in the Code, but it has been in the range from $7 billion to $12 billion in recent years.

The U.S. Department of Commerce, Office of Business Economics, prepares estimates of corporate profits before income taxes defined in accord with other concepts in the national income accounts. This definition also understates corporate income as reported to stockholders but by much smaller amounts than is the case with income reported for tax purposes. For this reason, and because they are not affected by changes in the requirements of the tax law, these estimates have been used for the purpose of making national estimates of information reported in this Survey.

Similarly, there exists no authoritative information on total corporate contributions and gifts. The IRS summaries mentioned above include data on contributions and gifts as reported for tax purposes. These figures are accepted widely as a measure of total contributions by the business community. Rough estimates of these data for the most recent years are prepared by the American Association of Fund-Raising Counsel.

CFAE Board of Directors

Frank W. Abrams, *Founder Director*

Roger M. Blough, *Chairman*
White & Case

Frederic G. Donner,
Chairman Executive Committee
Chairman, Alfred P. Sloan Foundation

Curtiss E. Frank, *President*
Council For Financial Aid to Education

Courtney C. Brown, *Treasurer*
Graduate School of Business
Columbia University

O. Kelley Anderson, Chairman,
Executive Committee
Real Estate Investment Trust of America

Robert O. Anderson, Chairman
Atlantic Richfield Company

Sanford S. Atwood, President
Emory University

Howard R. Bowen, Chancellor
Claremont University Center

Milo M. Brisco, President
Standard Oil Company (New Jersey)

Harold Brown, President
California Institute of Technology

Mary I. Bunting, President
Radcliffe College

Edward W. Carter, President
Broadway-Hale Stores, Inc.

John T. Connor, Chairman
Allied Chemical Corporation

Robben W. Fleming, President
The University of Michigan

Luther H. Foster, President
Tuskegee Institute

John D. Harper, Chairman
Aluminum Company of America

James M. Hester, President
New York University

Philip G. Hoffman, President
University of Houston

Edgar F. Kaiser, Chairman
Kaiser Industries Corporation

Ralph Lazarus, Chairman
Federated Department Stores, Inc.

T. Vincent Learson, Chairman
International Business Machines Corporati

Oscar A. Lundin, Executive Vice President
General Motors Corporation

William F. May, Chairman and President
American Can Company

Charles B. McCoy, Chairman and Presiden
E. I. du Pónt de Nemours & Company

Charles F. Myers, Jr., Chairman
Burlington Industries, Inc.

Jack S. Parker
Vice Chairman and Executive Officer
General Electric Company

John P. Raynor, S. J., President
Marquette University

H. I. Romnes, Chairman and President
American Telephone and Telegraph Compan

Joseph C. Wilson, Chairman
Xerox Corporation

Arthur M. Wood, President
Sears, Roebuck and Co.

CFAE Staff Officers

Curtiss E. Frank, *President*

Mrs. Anne Ellison, *Secretary*

Mrs. Z. Kriz Bent, *Vice President*

William W. Gordon, *Vice President*

Arthur C. Kammerman, *Vice President*

Joseph T. Shutt, *Vice President*

Hayden W. Smith, *Vice President*

William L. Boyle, Jr., *Assistant Vice Presider*

Bertha Donner, *Assistant Treasurer*

Directors

ns, *Founder Director*

gh, *Chairman*

ner,
ecutive Committee
d P. Sloan Foundation

k, *President*
ancial Aid to Education

own, *Treasurer*
l of Business
ersity

son, Chairman,
mmittee
estment Trust of America

rson, Chairman
d Company

od, President
y

en, Chancellor
ersity Center

President
mpany (New Jersey)

President
ute of Technology

President
e

er, President
Stores, Inc.

Chairman
Corporation

ing, President
f Michigan

, President
ute

Chairman
pany of America

, President
rsity

Philip G. Hoffman, President
University of Houston

Edgar F. Kaiser, Chairman
Kaiser Industries Corporation

Ralph Lazarus, Chairman
Federated Department Stores, Inc.

T. Vincent Learson, Chairman
International Business Machines Corporation

Oscar A. Lundin, Executive Vice President
General Motors Corporation

William F. May, Chairman and President
American Can Company

Charles B. McCoy, Chairman and President
E. I. du Pont de Nemours & Company

Charles F. Myers, Jr., Chairman
Burlington Industries, Inc.

Jack S. Parker
Vice Chairman and Executive Officer
General Electric Company

John P. Raynor, S. J., President
Marquette University

H. I. Romnes, Chairman and President
American Telephone and Telegraph Company

Joseph C. Wilson, Chairman
Xerox Corporation

Arthur M. Wood, President
Sears, Roebuck and Co.

CFAE Staff Officers

Curtiss E. Frank, *President*

Mrs. Anne Ellison, *Secretary*

Mrs. Z. Kriz Bent, *Vice President*

William W. Gordon, *Vice President*

Arthur C. Kammerman, *Vice President*

Joseph T. Shutt, *Vice President*

Hayden W. Smith, *Vice President*

William L. Boyle, Jr., *Assistant Vice President*

Bertha Donner, *Assistant Treasurer*

CFAE Board of Advisors

Gerald L. Andrus, Chairman
Middle South Utilities, Inc.

Ernest C. Arbuckle, Chairman
Wells Fargo Bank, N.A.

Karl R. Bendetsen, Chairman
U. S. Plywood-Champion Papers Inc.

Ralph M. Besse, Partner
Squire, Sanders & Dempsey

Edward J. Bock, President
Monsanto Company

Edward L. Bond, Jr., Chairman
Young & Rubicam, Incorporated

Berkeley G. Burrell, President
National Business League

Michael N. Chetkovich, Managing Partner
Haskins & Sells

Justin Dart, Chairman and President
Dart Industries, Inc.

Gaylord Donnelley, Chairman
R. R. Donnelley & Sons Company

Louis K. Eilers, Chairman
Eastman Kodak Company

William T. Gossett, Partner
Dykema, Gossett, Spencer, Goodnow & Trigg

Louis B. Lundborg, Former Chairman
Bank of America National Trust
& Savings Association

Dean A. McGee, Chairman
Kerr-McGee Corporation

J. Irwin Miller, Chairman
Cummins Engine Company, Inc.

James A. Summer, President
General Mills, Inc.

Ralph J. Voss, President
First National Bank of Oregon

Harry B. Warner, President
The B. F. Goodrich Company

R119—10M—10-71

CF
AE